



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT *

COMPANY: Electronic Arts Inc.
COUNTRY: United States
FACTORY CODE: 690082214HV
MONITOR: Margarita Chiriboga
AUDIT DATE: September 14, 2011
PRODUCTS: Video Game Software
PROCESSES: Assembly, Distribution
NUMBER OF WORKERS: 110

Company Comment: Electronic Arts Inc. (EA) terminated its contract with the supplier effective April 2, 2012, for all locations in which the supplier performed services for EA. The reason for the termination was that supplier's services were no longer needed due to changes in EA's business needs.

Supplier's Georgia facility received an Independent External Verification (IEV) audit in September 2011 and EA subsequently submitted a Corrective Action Plan. That Corrective Action Plan indicated that remediation of all "ongoing" and "new" findings had been completed, with one exception – the finding on Freedom of Association. Supplier disagreed with the FLA's interpretation of the "Union Free Statement" contained in Supplier's employee handbook, and did not agree to make any changes to the statement.

The termination of the supplier contract was not related to any findings from the IEV or the earlier Independent External Monitoring (IEM) audit at this facility in 2009.

*To read the original IEM report of this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



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Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: One of the factory's temporary employment agencies was not able to produce 3 of 4 employee I-9 forms on day of audit. Agency representative explained that I-9 forms are likely in storage and may be able to be retrieved in 2 days. Monitor explained that current employee records should be maintained in local employment office to show compliance to local requirements.

Plan Of Action: Applicable Supplier requested Staffing Agencies ensure records are available either on site or at local branch office for all currently active employees. This instance occurred due to an office move. As physical office space was being prepared, records stored in secure off-site storage facility. Staffing agency has requested records and is in process of ensuring all active employee records are located on site or at local branch office. Staffing agencies assured Applicable Supplier this issue will be corrected. Applicable Supplier will conduct audit within next 3 months to ensure this has been corrected.

Deadline Date: 01/31/2010

Action Taken:

Plan Complete: Yes

Plan Complete Date: 01/31/2010

Action Verified: Yes

Action Verified Text: Completed: Through document review, confirmed that all workers' I-9 documents are maintained and available.



Action Verified Date: 09/14/2011

Follow-up Plan of Action: Completed. Issue corrected within a few days of audit. Since then, Applicable Supplier has hired vendor program manager responsible for auditing all staffing agencies for compliance to standards. All on-site agencies have been audited and are in compliance.

Freedom of Association: General Compliance Freedom of Association

FOA.1 Employers shall comply with all local laws, regulations and procedures concerning freedom of association and collective bargaining. (S)

Noncompliance

Explanation: New Finding: During Employee Handbook review, following policy on unions was found:

"UNION FREE STATEMENT: What is it that you want from your job at [Applicable Supplier]? Job Stability, good working conditions, competitive wages and benefits, to be treated with respect. We at [Applicable Supplier] believe in continuing to provide this type of environment by working together side by side and serving our customers- without any union disruption and interference. Job stability, uninterrupted by lockouts or strikes, is as important to [Applicable Supplier] as it is to you. Unionized industry is in a steady decline and even failure. In contrast, [Applicable Supplier] employees have prospered with greater opportunities, all without a union. Good working conditions include respect and depend on each employee's right to approach employees of management and discuss any individual problems, concerns, or suggestions on a one-to-one basis. The dignity of this personal relationship and your right to it is lost with a union. [Applicable Supplier] is dedicated to keeping working relationships on a one-to-one basis because we believe that most people prefer to be treated as individuals." The orientation video for the workers, which is called "Lite Card / Big Trouble," plays out a scenario of employees trying to vote in a union, proceeds to explain the implication of signing the Union Authorization Card, steps taken by unions to get employees to sign the cards. The objective of this video is to educate employees on the purpose of unions, functions and what they can or can not accomplish on behalf of the employees. This statement, found in employee handbook, can be interpreted as facility trying to interfere with employees' right to associate and collective bargaining."

Plan Of Action: Company has spoken to Applicable Supplier about this finding. Applicable Supplier disagrees with auditor's interpretation of this statement. Their position is that statement in employee handbook is appropriate and does not interfere with employees' right to associate and collective bargain. Right of free association is adequately communicated through other postings and legal requirements. They do not intend to make any changes to this statement.

Deadline

Date:

Action

Taken:

Plan No

Complete:

Plan

Complete

Date:

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: Management and workers have not received awareness training as evidenced by monitor's interviews. "Labor Standards for Electronic Arts Product Suppliers," which substantially meets FLA standards was found on site; however, it was not posted.

Plan Of Action: Although Labor Standards posted in front office area, they were not posted in employee break area. This has been corrected and standards have been posted on Employee Communications Board outside of Employee Breakroom. Applicable Supplier is in process of revising Employee Handbook, which will incorporate statements about Electronic Arts Labor Standards for Product Suppliers. Also, Applicable Supplier's HR Department will raise awareness of standards during future employee meetings.



Deadline

Date:

Action

Taken:

**Plan
Complete:** Yes

**Plan
Complete
Date:** 03/31/2010

**Action
Verified:** Yes

**Action
Verified
Text:** Completed: During facility walkthrough, EA Labor Standards found posted. In Employee Handbook review, monitors found EA Standards included. Copy of EA Standards provided for our review.

**Action
Verified
Date:** 09/14/2011

**Follow-up
Plan of
Action:** Completed. FLA code items are added to new employee orientation checklist. Management also incorporated an awareness point in their employee meeting agendas.



Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: Monitor conducted worker interviews to assess factory's compliance with Company Obligations to provide a secure means of communication for supplier factory's workers to report instances of noncompliance to code. No evidence of any posting of information on who to contact, how to contact and what to report.

Plan Of Action: Following verbiage will be added to Labor Standards for Electronic Arts' Product Suppliers: Notice to Employees of EA's Product Suppliers: If you believe there has been a violation of EA's Labor Standards, you may confidentially report it to EA. Please direct your report in writing to Electronic Arts Inc and include all relevant details regarding the suspected violation. If you have concerns about contacting EA directly, you may contact the Fair Labor Association. As stated in a previous response, these standards will be posted on Employee Communications Board located outside the Employee Breakroom.

Deadline Date:

Action Taken:

Plan Complete: Yes

Plan Complete Date: 03/31/2010

Action Verified: Yes

Action Verified Text: Completed: During review of EA Labor Standards, confirmed that suggested verbiage mentioned in Company Plan of Action was added and workers are provided with EA's contact details and phone number as confidential complaint reporting mechanism.

Action 09/14/2011
Verified
Date:

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: Monitor interviews with workers and management did not confirm that facility conducted fire drills at least annually on each shift.

Plan Of Action: Because Applicable Supplier utilizes large temporary workforce, fire drills will only impact the group if they happen to be working on day of drill. Moving forward, Applicable Supplier will conduct simulated drills in conjunction with on-site staffing management to ensure permanent employees of Applicable Supplier and Staffing Agency management are prepared and knowledgeable in evacuation procedures in event of fire or other emergency.

Deadline Date: 01/31/2010

Action Taken:

Plan Complete: Yes

Plan Complete Date: 01/31/2010

Action Verified: No

Action Verified Text: Ongoing: Document review and employee interviews confirmed last fire drill conducted April 14, 2010. Annual drill is 5 months overdue. Since 2009 audit, Applicable Supplier conducted fire drills twice in 2010. During last fire drill critical problems identified: "Employees not directed to the appropriate doors, employees in the back of the building evacuated through the front exits, and unclear path through the plantings." No evidence (training records, follow up) to suggest issues identified were addressed/ followed up after fire drill.

Action Verified Date: 09/14/2011

Follow-up Plan of Action: Completed. Applicable Supplier executed fire drill for year 2010 on January 29, 2010. Due to smoking equipment plug, a fire evacuation occurred. Although situation did not require full-scale evacuation, evacuation was allowed to further test the system.

Company Comment February 24, 2012, in response to September 14, 2011 IEV finding: Recognizing that drills have not been conducted on a regular basis, Applicable Supplier has begun in-depth analysis of its facility emergency plan for severe weather and building evacuation. Severe weather plan has been developed and implemented; building evacuation plan is being refined for implementation in March 2012.

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: New Finding: Facility has not conducted monthly inspections for fire extinguishers. Last inspection was July 5, 2011.

Legal Reference: OSHA 1910.157(e) (1) Employer shall be responsible for inspection, maintenance and testing of all portable fire extinguishers in workplace. 1910.157 (e) (2) Portable extinguishers or hose used in lieu thereof under paragraph of this section shall be visually inspected monthly.

Plan Of Action: Applicable Supplier has process for inspecting fire extinguishers on monthly basis. Unfortunately, inspection did not occur during month of August. All subsequent months have been completed and inspections are on schedule.

Deadline Date: 09/15/2011

Action Taken: Applicable Supplier has process for inspecting fire extinguishers on monthly basis. Unfortunately, inspection did not occur during month of August. All subsequent months have been completed and inspections are on schedule.

Plan Complete: Yes

Plan Complete Date: 09/15/2011

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: Monitor selected sample of chemicals found in use at facility. 2 items used in repair and maintenance of fork trucks (Degreaser and Cleaner; Battery Protector) not found to have MSDS in the "Right to Know" binder.

Plan Of Action: Chemicals in question were those being used by contractor working on forklift equipment. These chemicals are used during repair process and removed daily. Applicable Supplier requested that contractor provide MSDS sheets for any and all chemicals they bring into building. Contractor has complied and MSDS sheets are in departmental "Right to Know" binder.

Deadline Date: 10/07/2009

**Action
Taken:**

**Plan
Complete:** Yes

**Plan
Complete
Date:** 10/07/2009

**Action
Verified:** Yes

**Action
Verified
Text:** Completed: During MSDS review, chemicals in question not included in facilities' "Right to Know" binder. However, before end of audit, it was corrected and MSDS included in "Right to Know" binder.

**Action
Verified
Date:** 09/14/2011

**Follow-up
Plan of
Action:** Completed. Applicable Supplier requested that contractor provide MSDS sheets for any and all chemicals brought into building. Contractor has complied and MSDS sheets are in departmental "Right to Know" binder.

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: Monitor inspected factory for presence of eye wash stations near battery charging areas. There are battery-charging stations on north wall near dock door N3. Adjacent to dock door is a wall-mounted eye wash unit with tamper seal that has been broken. Unit appeared to be empty and in an unsanitary condition (dirt, grime).

Legal Reference: OSHA 29CFR1910.151 (US Health and Safety Regulations) Where eyes or body of any person may be exposed to injurious corrosive materials, suitable facilities for quick drenching or flushing of eyes and body shall be provided within work area for immediate emergency use.

Plan Of Action: Eye wash station has been inspected and serviced. It is now in good working order. In addition, an inspection process has been set up with contract security company. They will inspect all eye wash stations on a daily basis and report any anomalies in their daily reports.

Deadline Date: 10/12/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date: 10/12/2009

Action Verified: No

Action Verified Text: Ongoing: During walkthrough, observed that eye wash stations have seals; however, 2 plumbed shower eye wash stations do not have weekly inspection tags, to confirm proposed action plan of implementing inspection process on a daily basis and reporting any anomalies.

Action 09/14/2011

Verified

Date:

Follow-up Completed. Eye wash station inspected, serviced, and is in good working order. An
Plan of inspection process was set up with contract security system. They will inspect all eye
Action: wash stations on a daily basis and report any anomalies in their daily reports.

Company Comment February 24, 2012 in response to September 14, 2011 IEV finding:
All eye wash stations at Applicable Supplier now functional and being inspected on
recommended frequency.

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Review of timekeeping records found that 2 workers in sample of 20 had worked 7 continuous days from October 25-31.

Plan Of Although Applicable Supplier attempts to limit amount of time employees can work and
Action: strives to adhere to rest day standards, October is a month when order volume sometimes creates unexpected and extraordinary business conditions. If condition warrants, which is rare, for an individual to work 7 consecutive days, it is dealt with on a voluntary basis. Applicable Supplier will always adhere to Hours of Work Standard as stated in Electronic Arts' Labor Standards for Product Suppliers.

Deadline 10/23/2009

Date:

Action

Taken:

Plan No

Complete:



**Plan
Complete
Date:**

**Action
Verified:** Yes

**Action
Verified
Text:** Completed: During payroll record review and employee interviews, confirmed that employees have not worked 7 days a week; maximum overtime hours found were 4 hours in 1 week.

**Action
Verified
Date:** 09/14/2011
